Calendar No. 496

100TH CONGRESS *1st Session*	SENATE	REPORT 100-260

AUTHORIZATION OF APPROPRIATIONS AND TECHNICAL AMENDMENTS FOR THE BUREAU OF THE MINT—FISCAL YEAR 1988

REPORT

OF THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

TO ACCOMPANY

H.R. 2631

DECEMBER 16 (legislative day, DECEMBER 15), 1987.—Ordered to be printed

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DECEMBER 16 (legislative day, DECEMBER 15), 1987.—Ordered to be printed

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Mr. PROXMIRE, from the Committee on Banking, Housing, and Urban Affairs, submitted the following

REPORT

[To accompany H.R. 2631]

INTRODUCTION

The Senate Committee on Banking, Housing, and Urban Affairs, to which was referred the bill (H.R. 2631) to authorize appropriations for the Bureau of the Mint for fiscal year 1988, approved the bill on December 2, 1987, with amendments, reports favorably thereon and recommends that the bill as amended do pass.

The legislation approved by the Committee authorizes the appropriation of $46,511,000 for the United States Mint, which is the full amount contained in the Mint's budget request for fiscal year 1988.

One new item in the authorization bill is the request for $75,000 to host the 15th International Mint Directors' Conference, hosted for the first time by the United States. The purpose of this conference is the exchange of information common to the participating Mints throughout the world. There are approximately 31 member Mints, another 22 observer Mints, and over 100 industrial observers who are expected to participate in this Conference. This will afford American industry an excellent opportunity to persent their latest developments in coin-related equipment and manufacturing techniques to an international gathering.

One of the most successful programs the Mint has undertaken is the American Gold Eagle Bullion program. As of November 1987, sales topped $1.5 billion, placing approximately $187 million in profits in the Treasury. The American Gold Eagle program has captured 65 percent of the domestic gold bullion market, far sur-

passing sales for Canadian Maple Leafs and Chinese Pandas, among others. The Mint anticipates as good a year in 1988, or better.

PURPOSE OF THE LEGISLATION

H.R. 2631, as amended and ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs, authorizes appropriations for the Bureau of the Mint for fiscal year 1988 ending September 30, 1988.

H.R. 2631 redesignates as Mints the assay office at San Francisco and the West Point Bullion Depository. The bill also provides for technical amendments to title 31, United States Code.

SUMMARY OF THE LEGISLATION

As ordered reported by the Banking Committee, H.R. 2631 would authorize the appropriation of not more than $46,511,000 for fiscal year 1988 for the salaries and expenses of the U.S. Mint. Of that amount, $965,000 may be used for research and development. The Mint is authorized to expend $75,000 in appropriated funds to host the International Mint Directors' Conference, as well as use fees collected from Conference participants to offset expenses.

The Act changes existing law with regard to costs charged and profits credited involved in minting and distributing numismatic items in order to provide a more stable funding source.

The Act redesignates the San Francisco and West Point Assay Offices to the status of Mints because of their increased production activities. By operation of section 5131(c) of title 31, United States Code, each new Mint will have a superintendent and assayer appointed by the President, by and with the advice and consent of the Senate. The Act directs that the Superintendent of the New York Assay Office shall assume the position of Superintendent of the Mint at West Point, New York.

An amendment adopted in Committee amends section 5111(c) of title 31, United States Code, to require domestic control of the coinage process by stipulating—under specified circumstances—the acquisition of American produced goods and services, unless the Secretary determines it to be inconsistent with the public interest or the cost unreasonable. A written funding must be published in the Federal Register stating the basis for that determination. This amendment in no way changes current law with regard to the procurement and use of gold and silver for coinage, bullion, or medallic purposes.

Sections 5 and 6 clarify existing procedures with regard to: standards for fineness and weight of gold coins; and profits from gold sales being deposited in the Treasury's general fund to reduce the national deficit. Section 7 makes clear that the silver bullion program is an annual, ongoing program and allows for bulk sales.

An amendment adopted by the Committee deleted Section 8 from the original bill, which would have required the Mint to sell bullion coins directly to the public through their four public sales offices.

SECTION-BY-SECTION ANALYSIS

Section 1

Section 5132(a) of title 31, United States Code, is amended so that $46,511,000 may be appropriated to the Secretary for the fiscal year ending September 30, 1988, to pay costs of the mints. Of that amount, $965,000 shall be used for research and development.

Section 5132(a) is also amended to authorize the Mint to expend $75,000 of its appropriated funds to host the International Mint Directors' Conference. Language included allows the Mint to also use fees collected from participants and observers to offset expenses incurred in connection with the Conference.

Section 2

This section provides that the proceeds of sales of the Mint's numismatic products be deposited to the coinage profit fund (31 U.S.C. 5111(b)), and that the expenses of those programs likewise be financed by the fund. This is a change from current law. Currently, costs of numismatic programs are obtained from appropriated funds, with reimbursement to the appropriation from sales of the items. This change provides for a more stable funding source for numismatic programs, which return substantial profits to the general fund. Costs incurred in connection with the preparation and sale of numismatic items refers to all reasonably related expenses involved in manufacturing, marketing, and management of the programs, including the reimbursement of the coinage metal fund (31 U.S.C. 5111(b)) for the cost of purchase of precious and nonprecious metals.

Section 3

This section amends section 5131(a)(4) of title 31, United States Code, to redesignate the San Francisco Assay Office to the status of Mint. Section 3151(a)(3) of title 31, United States Code, is amended to redesignate the West Point Assay Office to the status of Mint. The Technical and Conforming Amendments (1) through (7) strike out references to "assay office" and "officer" in current law (sections 5131, 5132 and 5133 of title 31, United States Code), as these terms no longer apply.

The Technical and Conforming Amendment 3(c)(3) amends section 5131(c) of title 31, United States Code, thus creating the positions of Superintendent of the Mint and Assayer at the San Francisco and New York Mints. These positions are filled by Presidential appointment, by and with the advice and consent of the Senate.

Section 3(c)(7) amends Section 5133(b) of title 31, United States Code, "Settlement of Accounts": 5133(b) (1) through (3) now reference the "Superintendents of the Mints" rather than "officers". It also allows the Secretary of the Treasury to settle and audit the accounts of the Superintendents of the Mints.

Section 3(c)(8) directs the Superintendent of the New York Assay Office (currently in charge of the West Point Bullion Depository) to assume the position of "Superintendent of the Mint at West Point, New York".

Section 4

As amended, section 5111(c) of title 31, United States Code, allows the Secretary to make contracts to acquire goods and services necessary for coin production. In order to protect the national security of the coinage process, the Secretary shall acquire such goods and services through domestic sources. If the Secretary determines that to be inconsistent with the public interest, or the cost unreasonable, the Secretary must publish in the Federal Register a written finding stating the basis for such nondomestic acquisition(s).

Such domestic control of the coinage process shall apply only in the case of a bid or offer which comes from a non-United States source whose principal place of business is in a country which does not accord the United States national treatment with regard to the production of coins. This section also provides that section 5111(c) as herein amended, in no way changes current law with regard to the procurement and use of gold and silver for coinage, bullion, or medallic purposes.

Section 5

Section 5112(b) of title 31, United States Code, is amended to mandate a standard of fineness for gold coins. Section 5113(a) of title 31, United States Code, is amended to mandate minimum weights for gold coins.

Section 6

Section 5116(a)(2) is amended to clarify that net amounts from the sale of gold (other than gold coins) will be used to reduce the national debt by requiring the Mint to return said net amounts to the general fund of the Treasury. (As provided by section 2 of this Act, proceeds of sales of gold coins are to be deposited in the coinage profit fund.)

Section 7

This is a conforming amendment to Section 5112(f) of title 31, United States Code. It indicates that the silver bullion program is a continuing, annual program. Bulk sales of these coins, which are considered numismatic items, shall be made by the Secretary.

TECHNICAL AMENDMENTS

Two technical changes were made to H.R. 2631 to correct erroneous citations as follows:

Section 3(c)(2) on page 4, line 22 should read: "(2) Section 5131(c) of such title is amended by striking out "and the assay office at New York have" and inserting in lieu thereof "has"."

Section 3(10)(B) on page 7, line 1 should read: "(B) in the third sentence, by striking out "and assay offices"."

REGULATORY IMPACT STATEMENT

Pursuant to Rule XXVI, paragraph 11(b) of the Standing Rules of the Senate, the Committee has evaluated the regulatory impact of the bill and concludes it would result in little increase in the regulatory burden imposed by the Government. Section 4 of this Act

may result in a slight increase in Federal Register paperwork requirements, but that could be handled by current staffing levels.

CHANGES IN EXISTING LAW

The Committee has determined that it is necessary, in order to expedite the business of the Senate, to dispense with the requirements of Rule XXVI, paragraph 12, of the Standing Rules of the Senate, with respect to this legislation.

COST OF LEGISLATION

The Committee has requested a cost estimate of this legislation under the provision of Section 403 of the Congressional Budget Act of 1974. The cost estimate of the Congressional Budget Office appears below:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, December 11, 1987.

Hon. WILLIAM V. PROXMIRE,
Chairman, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for H.R. 2631, an act to authorize appropriations for the Bureau of the Mint for fiscal year 1988, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

JAMES BLUM
(For Edward M. Gramlich, Acting Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 2631.

2. Bill title: An act to authorize appropriations for the Bureau of the Mint for fiscal year 1988, and for other purposes.

3. Bill status: As ordered by the Senate Committee on Banking, Housing, and Urban Affairs, December 2, 1987.

4. Bill purpose: The bill authorizes the appropriation of $46.5 million to the Bureau of the Mint for fiscal year 1988. The budget authority for 1987 was $42.9 million, and the President has requested $46.5 million for 1988.

The bill also directs the Secretary of the Treasury to charge the Coinage Profit Fund with the costs and receipts of the preparation and sale of numismatic items. Under current law, the Mint operates the sale of numismatic items as a reimbursable program.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
Authorization level	46.5				
Estimated outlays	39.5	7.0			

Including outlays from prior years' appropriations, total outlays in 1988 would be about $45.9 million, assuming appropriation of the authorized amount.

The costs of this bill fall within budget function 800.

Basis of estimate: This estimate assumes the amount authorized will be appropriated. The estimate of outlays is based on historical spending patterns. The requirement to use the Coinage Profit Fund for the sale of numismatic items is an accounting change and has no net effect on the budget. Other provisions of the bill are not expected to significantly affect the federal budget.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: James Hearn.

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

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